Sustainable Apparel Coalition and the Higg Index
Inspiring collaborative action on sustainability in the apparel, footwear and home textiles industries

ISPO - February 2017

Johan James van Breda
BD & Member Manager EMEA
Agenda

- The Sustainable Apparel Coalition
- The Higg Index
- The business case for SME’s
- Q&A
Sustainable Apparel Coalition (SAC) Vision

An apparel, footwear, and home textiles industry that produces no unnecessary environmental harm and has a positive impact on the people and communities associated with its activities.
Mission:
Collect peers and competitors from across the apparel, footwear and textile sector and together, develop a **universal approach to measure sustainability performance** that drives transparency and identifies opportunities for impact throughout the value chain.
SAC Stakeholders

- Brands
- Manufacturers
- Industry Associations
- Service Providers
- Academia
- Nonprofits
- Government
- Retailers
Diverse Global Membership

Brands & Retailers

Manufacturers

Industry Affiliates

Nonprofit, Academia, Government
SAC 2020 strategy

Higg Index
Globally trusted industry standard for measuring and improving sustainability

Full Transparency & Accountability
Value Chain & Product Lifecycle

Consumers
Choose products based on trusted sustainability information
25 Years Of Social Auditing

- Social auditing has become an industry in itself. Some estimate it a >2 Billion $ business.

- Lack of hard data, but we know there are many duplications.

- An illustrative example from one of our members (38 facilities):

<table>
<thead>
<tr>
<th></th>
<th>Number/year</th>
<th>Auditor man days</th>
<th>Manufacturer staff man days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand audits</td>
<td>110</td>
<td>262</td>
<td>440</td>
</tr>
<tr>
<td>Certification audits</td>
<td>55</td>
<td>116</td>
<td>220</td>
</tr>
<tr>
<td>Internal audits</td>
<td>38</td>
<td>N/A</td>
<td>110</td>
</tr>
</tbody>
</table>

- The audits are merely the same. Are they driving change? Honestly speaking: No!
“Measurement with Intention” Standardized measurement is a precursor to collective action.
Building the Higg Index: How We are Structured

We **develop** tools.  We support **adoption** of tools.  We enable **transparency** on results.
Sustainable Apparel Coalition

**Facilities Modules**
- Facilities Environment Module (FEM)  
  VERIFICATION 2016
- Facilities Social/Labor Module (FSLM)  
  VERIFICATION 2018

**Brand/Retail Modules**
- Brand Environment Module (BEM) Apparel & Footwear  
  VERIFICATION 2017
- Brand Social/Labor Module (BSLM)  
  VERIFICATION 2017
- Retail Module Pilot *2017

**Product Modules**
- Materials Sustainability Index (MSI)
- Design & Development Module (DDM)
- Product Environmental Footprint Tool *2018
Higg Tools for each step along the Supply Chain

**DESIGN & PRODUCTION**
- Design & Developments Module (DDM)

**CONSUMERS & COMMUNITIES**
- Product Environmental Footprint (due 2018)

**RETAIL**
- Retail Module Pilot (due 2017)

**MANUFACTURERS**
- Facilities Environment Module (FEM)
- Facilities Social/Labor Module (FSLM)

**BRAND**
- Brand Environment Module (BEM)
- Brand Social/Labor Module (BSLM)

**RAW MATERIALS**
- Materials Sustainability Index (MSI)
- Data Contributor
- Data Explorer
Brand Modules – Areas of Assessment

Brand/Retail Modules

**ENVIRONMENT**
1. Management
2. Materials
3. Packaging
4. Manufacturing
5. Transportation
6. Product Care & Repair
7. End of Use

**SOCIAL / LABOR**
1. Internal S/L Performance Management
2. S/L Performance Management System for Partners in Value Chain
3. External Engagement; Community Impact; Transparency & Public Disclosure

Assessing all Brands’ sustainability policies and practices
Facilities Modules – Areas of Assessment

**ENVIRONMENT**
1. Environmental Management System
2. Energy Use & GHG Emissions
3. Water Use
4. Wastewater/ Effluent
5. Emissions to Air
6. Waste Management
7. Chemicals

**SOCIAL / LABOR**
1. Recruitment & Hiring
2. Compensation
3. Hours of Work
4. Worker Involvement & Communications
5. Worker Treatment & Development
6. Health & Safety
7. Termination & Retrenchment
8. Value Chain Performance
9. External Engagement; Community Impact; Transparency & Public Disclosure

Assessing all Facilities’ sustainability performance
Brand & Facilities Modules as your first step towards an holistic sustainability strategy
Higg Index Online Platform
1. Complete & post Higg Modules
   Eliminate redundant surveys & audits

2. Connect & share Modules with supply chain partners and SAC members
   Drive transparency

3. Benchmark Performance to industry peers
   Continuously improve
Higg Assessments: **Inherent Roadmap to Improvement**

**Level 1**
Compliance, Awareness and Understanding

**Level 2**
Planning, Managing and Demonstrating Performance

**Level 3**
Aspirational Innovation and System Change
Higg Benchmarking: Insights to Impact

[Image of a box plot showing benchmarking data with various sections and statistics like minimum, lower quartile, median, upper quartile, and maximum.]
Higg Index Adoption: By The Numbers

86 Brands and 8000+ Facilities Reporting in 69 Countries

Above data as of 1/10/16
ISPO 2017 : Sustainable Business Case for SMEs
Small Medium Enterprise (SME) Brand Pilot Project

**Powered By**

- IDH the sustainable trade initiative

**Implemented By**

- Sustainable Apparel Coalition

**With the support of**

- Danish Fashion Institute
- Dansk Erhverv Confederation of Danish Enterprise
- Dansk Mode & Textile
- Association of Fashion Brands
- European Outdoor Group
- Modint Hét label voor succes
Small Medium Enterprise (SME) Brand Pilot Project

**Goal:** This two year project (January 2016 – December 2017) is to support SMEs move forward in their sustainability journey.

**Objective:** At the end of the project in December 2017 the SAC will have gained insight into the specific needs of SMEs and is able to tailor SAC support and tools to address those needs.

**In scope**
- Use the Higg Tools; Brand and Facility, for both Environmental and Social & Labor modules
- Offer content feedback for future improvement of Higg Suite of Tools

**Out of scope**
- It is not mandatory to use the Higg suite of tools beyond December 2017
- One-on-One Supplier Support (besides global support to be discussed depending on geography of suppliers)

**It will be:**
- A continuous improvement through benchmarking and performance improvement
- Sharing best practices with SME peers

**It will not be:**
- An obligation to become a member
- It will not become an obligation to get verified
Small Medium Enterprise (SME) Brand Pilot Project
Key-insights to date

Key-insights:

• All participants completed the Brand Module (Environmental and Social/Labor) in less time than expected.

• The Brand Module results provided value to time and resource constrained SMEs by giving insight into existing knowledge gaps, learning about industry best practices as well as providing a clear roadmap towards improvement.

• The Higg Index 3-level approach, as well as anonymous industry benchmarking, made it insightful for SMEs which areas to prioritize and how to set goals against it.

• Regular 1:1 calls with dedicated SAC support was needed in order to keep SMEs on track.

• SMEs found most valuable the joint sessions with SAC members sharing their own experiences rolling out the Higg tools.

• Meeting SME peers through this project resulted in not only exchanging of best practices but paved way for future collaboration.

• The Higg.org platform enabled SMEs not only access to their suppliers environmental and social performance but also gave insight into anonymous industry benchmarking data that was not available before and made comparisons on performance possible.

• SMEs require more time to gain internal buy-in in order to integrate performance improvement measures.

• SAC facilitated in increasing (pre-competitive) supply chain collaboration amongst SMEs through overlap analysis and collective training efforts.
Key-insights to date (2)

What can be further improved:

• SMEs found questions related to policies and documents challenging
• Existing Higg training guidance should be clearer, especially for SMEs
• Introduction to impact programs (and related investment funding) as well as furthering collective supply chain collaboration with other brands (such as SAC members)

Result 1 -->

SME participants feedback has been included in the content update of the Facility Environmental Module v3 (launch November this year 2017)

Result 2 -->

Besides integrating their feedback in the upcoming Brand Module v3 (kicking off this year). Several SMEs will be invited to participate in related task team work to develop content for the new version
## SAC Engagement Benefits

<table>
<thead>
<tr>
<th>Initiative/Platform</th>
<th>Details</th>
<th>SAC Member</th>
<th>Higg Access Only</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Higg.org</strong></td>
<td>• Access to all Higg.org tools (Brand, Facility and Design &amp; Development Module)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>iMeet Central</strong></td>
<td>• An online collaboration platform where you can find task team work spaces, reports, presentations, discussion forums, information about upcoming meetings and a full membership contact directory</td>
<td>✓</td>
<td>❌</td>
</tr>
<tr>
<td><strong>In-person Meetings</strong></td>
<td>• Invitation to SAC’s annual Full Member Meeting &amp; Manufacturers Forum</td>
<td>✓</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>• Invitations to Regional Meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ongoing Communications</strong></td>
<td>• Bi-monthly Full Membership Calls deliver updates on Higg Index development and key issues for the apparel, footwear and home textile industries</td>
<td>✓</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>• Dedicated point of contact within SAC</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Task Teams</strong></td>
<td>• Option to influence and participate in SAC task teams and collaboration projects that cover a wide range of opportunity sets to drive sustainability impact</td>
<td>✓</td>
<td>❌</td>
</tr>
<tr>
<td><strong>Marketing &amp; PR</strong></td>
<td>• Company logo, description and spotlight on ApparelCoalition.org</td>
<td>✓</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>• Press Release template with proven positive reception by media</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• SAC and member involvement frequently appears in a diverse range of online &amp; print media</td>
<td>✓</td>
<td>❌</td>
</tr>
</tbody>
</table>
# SAC Types of Engagement and Dues

<table>
<thead>
<tr>
<th>Brands and Retailers</th>
<th>SAC Member Annual Dues in USD</th>
<th>Higg Access Only Annual Dues in USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues exceeding $10 billion</td>
<td>$50,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Revenues $1 billion to $10 billion</td>
<td>$40,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Revenues $500 million to $1 billion</td>
<td>$30,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Revenues $100 million to $500 million</td>
<td>$20,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Revenues $20 million to $100 million</td>
<td>$10,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Revenues less than $20 million</td>
<td>$5,000</td>
<td>$2,500</td>
</tr>
</tbody>
</table>
Q&A
Thank you!

Feel free to contact me:
johan@apparelcoalition.org

Stay in Touch:
Visit apparelcoalition.org
Follow us on @apparelcoalition
Like us on Facebook
Follow us on LinkedIn
APPENDIX
Product Tool Releases: MSI & DDM
The Product Life Cycle

80% of a product’s environmental impact is determined at the concept and design phase - Sustainable Development, Energy and the City
Higg Suite of Tools

- Higg Design & Development Module (DDM)
- Higg Materials Sustainability Index (MSI)
  MSI Contributor
Solution: Materials Sustainability Index (MSI)

MSI is:
cradle-to-gate material scoring tool using a life cycle assessment (LCA) approach to engage product design teams and our global value chain in environmental sustainability.
Introducing product.higg.org
Where We Are Today
### MSI Taxonomy: Production Phases

<table>
<thead>
<tr>
<th>Production Stage</th>
<th>Used Process</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Material Source</td>
<td>*Conventional cotton cultivation, world average</td>
<td>57.9</td>
</tr>
<tr>
<td>Yarn Formation Method</td>
<td>*Spinning (200 dtex)</td>
<td>9.8</td>
</tr>
<tr>
<td>Textile Formation</td>
<td>*Knitting (200 dtex)</td>
<td>0.4</td>
</tr>
<tr>
<td>Preparation</td>
<td>*Prepare for dye (e.g., scouring, bleaching) - natural fibers</td>
<td>4.7</td>
</tr>
<tr>
<td>Coloration</td>
<td>*Continuous dyeing - Direct, sulfur, vat or reactive dyes</td>
<td>4.3</td>
</tr>
<tr>
<td>Additional Coloration and Finishing</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Chemistry Certifications</td>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>
### Material Production Details

**Raw Material Source**
- *Conventional cotton cultivation, world average*: 57.9
- Cotton made in Africa (CM/A): 13.9
- Organic cotton cultivation, to bales after ginning: 9.8

**Yarn Formation Method**
- *Spinning (20DlTEX)*: 9.8

**Textile Formation**
- *Knitting (20DlTEX)*: 0.4

**Preparation**
- *Prepare for dye (e.g. scouring, bleaching): natural fibers*: 4.7

**Coloration**
- *Continuous dyeing - Direct, sulfur, vat or reactive dyes*: 4.5

**Additional Coloration and Finishing**
- None
MSI Taxonomy: Create Blends
Aluminium, virgin

excluded. During furnace charging and preparation, aluminium dross (a thick liquid or solid phase) forms at the surface of molten aluminium. This mixture of aluminium oxides is remelted to recover the aluminium that would otherwise be lost. Metallurgical analysis verifies that the metal meets customer specifications before the molten, alloyed (or pure, unalloyed) aluminium is cast into products of specific dimensions, before being weighed, bundled and strapped ready for transport.

<table>
<thead>
<tr>
<th>Impact area</th>
<th>MSI Score</th>
<th>Midpoint</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Warming</td>
<td>20.8</td>
<td>21,118.5 kg CO₂ eq</td>
</tr>
<tr>
<td>Eutrophication</td>
<td>8.7</td>
<td>0.0088 kg PO₄³⁻ eq</td>
</tr>
<tr>
<td>Water Scarcity</td>
<td>1.5</td>
<td>0.01 L</td>
</tr>
</tbody>
</table>
Create a Custom Material Library
MSI use in the Higg DDM

Higg MSI
A Higg Product Tool meant to provide transparency to MSI data, scores, and methodology.

MSI DDM
A Higg Product Tool meant to score designs and educate designers and developers about decisions they can make to improve sustainability of a product.
Product Library
Materials and Trims

Measurement approach defined in MSI
Materials and Trims

<table>
<thead>
<tr>
<th>Trim</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buckle/Ring</td>
<td>1.5</td>
</tr>
<tr>
<td>Button/snaphook</td>
<td>0.4</td>
</tr>
<tr>
<td>Elastics</td>
<td>2.8e-2</td>
</tr>
<tr>
<td>Eyelets</td>
<td>7.8e-2</td>
</tr>
<tr>
<td>Heat transfer</td>
<td>1.8e-2</td>
</tr>
<tr>
<td>Logo heat transfers</td>
<td>1.8e-2</td>
</tr>
</tbody>
</table>
Apparel and Textile Manufacturing
Care & Repair

Design for Low Impact Care

- Dry clean only
- Dry clean recommended
- Wash separately
- None of the above

Design for Repair

- Have you designed this product to be repaired through your repair program, by the customer, or by a tailor?
  - Yes
  - No
End of Use

Is this a non-material product compatible with a recycling and/or composting program/scheme at the end of its useful life (excluding trims and threads)?

- Yes
- No

Has this product been designed for disassembly to allow for recyclability and/or composting?

- Yes
- No

Save and continue
Quality & Lifetime

- Quality and lifetime
  - How long is this product guaranteed for?
    - 5 years (12.25 divisor)

Save and continue
## Compare Products

### Materials & Trims

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
<th>Cutting Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>300.0%</td>
<td>70%</td>
</tr>
<tr>
<td>2.</td>
<td>60.7%</td>
<td>80%</td>
</tr>
<tr>
<td>3.</td>
<td>200.0%</td>
<td>90%</td>
</tr>
<tr>
<td>4.</td>
<td>100.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Manufacturing

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
<th>Cutting Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>8.0%</td>
<td>60%</td>
</tr>
<tr>
<td>2.</td>
<td>6.2%</td>
<td>70%</td>
</tr>
<tr>
<td>3.</td>
<td>4.4%</td>
<td>80%</td>
</tr>
<tr>
<td>4.</td>
<td>2.2%</td>
<td>90%</td>
</tr>
</tbody>
</table>

### Care & Repair

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
<th>Cutting Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>0.0%</td>
<td>50%</td>
</tr>
<tr>
<td>2.</td>
<td>6.2%</td>
<td>60%</td>
</tr>
<tr>
<td>3.</td>
<td>4.4%</td>
<td>70%</td>
</tr>
<tr>
<td>4.</td>
<td>2.2%</td>
<td>80%</td>
</tr>
</tbody>
</table>

### End of Use

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
<th>Cutting Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>0.0%</td>
<td>40%</td>
</tr>
<tr>
<td>2.</td>
<td>6.2%</td>
<td>50%</td>
</tr>
<tr>
<td>3.</td>
<td>4.4%</td>
<td>60%</td>
</tr>
<tr>
<td>4.</td>
<td>2.2%</td>
<td>70%</td>
</tr>
</tbody>
</table>

### Quality & Lifetime

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
<th>Cutting Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>0.0%</td>
<td>30%</td>
</tr>
<tr>
<td>2.</td>
<td>12.5%</td>
<td>40%</td>
</tr>
<tr>
<td>3.</td>
<td>107.0%</td>
<td>50%</td>
</tr>
<tr>
<td>4.</td>
<td>112.0%</td>
<td>60%</td>
</tr>
</tbody>
</table>
Higg MSI & DDM Value
Brands and retailers can use MSI instead of asking suppliers for LCA data.

Environmental efforts are publicly recognized and rewarded.

Understanding impacts of your materials for a fraction of the usual cost.
Material vendors supply MSI scores on all materials ➔ scalable

Brands can make better material decisions in material and product development ➔ actionable

Brands and materials community use MSI methodology to assess innovations ➔ common language
Engage Designers to Reduce Impact

- Internal need for a product sustainability design tool
- Encourages performance improvement
- Provides benchmarking and analytics
- Prepares brands for external communication
Scaling DDM Use

Higg Product Tools

System Integration

Automation

Running T-Shirt = 36
New Jeans = 54
Jogger’s Socks = 26
Waterproof Jacket = 149
Striped Pajamas = 88
Fancy Blouse = 65
Wool Trousers = 97
Winter Coat = 200
...
THANK YOU

responsibility@europeanoutdoorgroup.com